

TOWNSHIP OF GRANT
Oceana County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended June 30, 2008

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Grant	County Oceana
Fiscal Year End June 30, 2008	Opinion Date August 8, 2008	Date Audit Report Submitted to State August 11, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☒ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Authorizing CPA Signature 		Printed Name Mark J. Campbell	License Number 1101007803

TOWNSHIP OF GRANT
Oceana County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

August 8, 2008

To the Township Board
Township of Grant
Oceana County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Grant, Oceana County, Michigan as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Grant's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Grant, Oceana County, Michigan as of June 30, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF GRANT
Oceana County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2008

The Management's Discussion and Analysis report of the Township of Grant covers the Township's financial performance during the year ended June 30, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at June 30, 2008, totaled \$738,137.46 for governmental activities.

Overall revenues were \$503,348.57 from governmental activities.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, Fire Fund, and the Building Inspection Fund.

TOWNSHIP OF GRANT
Oceana County, Michigan

CONDENSED FINANCIAL INFORMATION

For the year ended June 30, 2008

	<u>Total Governmental Activities 2007</u>	<u>Total Governmental Activities 2008</u>
Current Assets	163 310	125 655
Capital Assets	<u>875 993</u>	<u>852 482</u>
Total Assets	<u>1 039 303</u>	<u>978 137</u>
Current Liabilities	-	-
Non-current Liabilities	<u>280 000</u>	<u>240 000</u>
Total Liabilities	<u>280 000</u>	<u>240 000</u>
Net Assets:		
Invested in Capital Assets	595 993	612 482
Unrestricted	<u>163 310</u>	<u>125 655</u>
Total Net Assets	<u><u>759 303</u></u>	<u><u>738 137</u></u>

	<u>Total Governmental Activities 2007</u>	<u>Total Governmental Activities 2008</u>
Program Revenues:		
Fees and Charges for Services	102 349	148 054
General Revenues:		
Property Taxes	140 579	164 643
State Revenue Sharing	176 236	169 169
Interest	9 087	7 195
Miscellaneous	<u>18 307</u>	<u>14 289</u>
Total Revenues	<u>446 558</u>	<u>503 350</u>
Program Expenses:		
Legislative	4 800	4 800
General Government	156 322	167 101
Public Safety	195 316	238 182
Public Works	8 517	113 843
Interest on Long-Term Debt	<u>6 923</u>	<u>590</u>
Total Expenses	<u>371 878</u>	<u>524 516</u>
Increase (Decrease) in Net Assets	74 680	(21 166)
Net Assets, July 1	<u>684 623</u>	<u>759 303</u>
Net Assets, June 30	<u><u>759 303</u></u>	<u><u>738 137</u></u>

TOWNSHIP OF GRANT
Oceana County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, the Fire Fund and the Building Inspection Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$306,015.80.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$8,256.26 in capital assets.

The Township paid \$40,000.00 of principal on long-term debt

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Supervisor, Clerk or Treasurer at 231-893-6336.

TOWNSHIP OF GRANT
Oceana County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS

June 30, 2008

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	71 322 23
Due from other units	<u>54 333 00</u>
Total Current Assets	<u>125 655 23</u>
NON-CURRENT ASSETS:	
Capital Assets	1 328 957 26
Less: Accumulated Depreciation	<u>(476 475 03)</u>
Total Non-current Assets	<u>852 482 23</u>
TOTAL ASSETS	<u><u>978 137 46</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES	<u>-</u>
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES:	
Notes payable	<u>240 000 00</u>
Total Non-current Liabilities	<u>240 000 00</u>
Total Liabilities	<u>240 000 00</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	612 482 23
Unrestricted	<u>125 655 23</u>
Total Net Assets	<u>738 137 46</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>978 137 46</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GRANT
Oceana County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended June 30, 2008

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	4 800 00	-	(4 800 00)
General government	167 101 01	39 632 55	(127 468 46)
Public safety	238 181 30	108 421 19	(129 760 11)
Public works	113 842 16	-	(113 842 16)
Interest on long-term debt	590 01	-	(590 01)
Total Governmental Activities	<u>524 514 48</u>	<u>148 053 74</u>	<u>(376 460 74)</u>
General Revenues:			
Property taxes			164 642 85
State revenue sharing			169 168 30
Interest			7 194 77
Miscellaneous			<u>14 288 91</u>
Total General Revenues			<u>355 294 83</u>
Change in net assets			(21 165 91)
Net assets, beginning of year			<u>759 303 37</u>
Net Assets, End of Year			<u><u>738 137 46</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GRANT
Oceana County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2008

	<u>General</u>	<u>Fire</u>	<u>Other Funds (Building Inspection)</u>	<u>Total</u>
<u>Assets</u>				
Cash in bank	68 622 81	-	-	68 622 81
Due from other units	54 333 00	-	-	54 333 00
Due from other funds	<u>2 699 42</u>	<u>-</u>	<u>-</u>	<u>2 699 42</u>
Total Assets	<u><u>125 655 23</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>125 655 23</u></u>
<u>Liabilities and Fund Equity</u>				
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	<u>125 655 23</u>	<u>-</u>	<u>-</u>	<u>125 655 23</u>
Total fund equity	<u><u>125 655 23</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>125 655 23</u></u>
Total Liabilities and Fund Equity	<u><u>125 655 23</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>125 655 23</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GRANT
Oceana County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

June 30, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	125 655 23
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	1 328 957 26
Accumulated depreciation	(476 475 03)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Notes payable	<u>(240 000 00)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>738 137 46</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GRANT
Oceana County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended June 30, 2008

	General	Fire	Other Funds (Building Inspection)	Total
Revenues:				
Property taxes	93 389 66	71 253 19	-	164 642 85
Licenses and permits	8 326 00	-	2 488 00	10 814 00
State revenue sharing	169 168 30	-	-	169 168 30
Charges for services – PTAF	31 306 55	-	-	31 306 55
Charges for services – other	-	105 933 19	-	105 933 19
Interest	7 194 77	-	-	7 194 77
Miscellaneous	5 061 63	9 227 28	-	14 288 91
Total revenues	<u>314 446 91</u>	<u>186 413 66</u>	<u>2 488 00</u>	<u>503 348 57</u>
Expenditures:				
Legislative:				
Township Board	4 800 00	-	-	4 800 00
General government:				
Supervisor	10 800 00	-	-	10 800 00
Elections	3 418 41	-	-	3 418 41
Assessor	14 080 00	-	-	14 080 00
Clerk	20 756 54	-	-	20 756 54
Board of Review	2 062 50	-	-	2 062 50
Treasurer	19 257 90	-	-	19 257 90
Building and grounds	51 027 70	-	-	51 027 70
Cemetery	4 385 35	-	-	4 385 35
Unallocated	23 765 13	-	-	23 765 13
Public safety:				
Police protection	7 599 30	-	-	7 599 30
Fire protection	-	192 673 75	-	192 673 75
Protective Inspection	-	-	2 870 50	2 870 50
Planning and zoning	9 630 80	-	-	9 630 80
Public works:				
Highways and streets	113 842 16	-	-	113 842 16
Capital outlay	-	8 256 26	-	8 256 26
Debt service	20 590 01	31 187 10	-	51 777 11
Total expenditures	<u>306 015 80</u>	<u>232 117 11</u>	<u>2 870 50</u>	<u>541 003 41</u>
Excess (deficiency) of revenues over expenditures	<u>8 431 11</u>	<u>(45 703 45)</u>	<u>(382 50)</u>	<u>(37 654 84)</u>
Other financing sources (uses):				
Operating transfers in	-	45 703 45	382 50	46 085 95
Operating transfers out	(46 085 95)	-	-	(46 085 95)
Total other financing sources (uses)	<u>(46 085 95)</u>	<u>45 703 45</u>	<u>382 50</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(37 654 84)</u>	<u>-</u>	<u>-</u>	<u>(37 654 84)</u>
Fund balances, July 1	<u>163 310 07</u>	<u>-</u>	<u>-</u>	<u>163 310 07</u>
Fund Balances, June 30	<u><u>125 655 23</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>125 655 23</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GRANT
Oceana County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS (37 654 84)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(31 767 33)
Capital Outlay	8 256 26

Repayment of debt principal is an expenditure in the governmental funds, the
repayment does not have an effect in the statement of activities but does
reduce the debt balance in the statement of net assets.

Principal payments on long-term debt	<u>40 000 00</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>(21 165 91)</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GRANT
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Grant, Oceana County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Grant. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF GRANT
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. The Township has a Fire Fund and a Building Inspection Fund.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was 2.2133 mills, and the taxable value was \$73,959,928.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF GRANT
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$5,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	40 years
Equipment	8-30 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

TOWNSHIP OF GRANT
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>102 804 87</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	33 595 03
Uninsured and Uncollateralized	<u>154 277 07</u>
Total Deposits	<u>187 872 10</u>

The Township of Grant did not have any investments as of June 30, 2008.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

TOWNSHIP OF GRANT
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 3 – Deposits and Investments (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 7/1/07	Additions	Deletions	Balance 6/30/08
<u>Governmental Activities:</u>				
Land	25 000 00	-	-	25 000 00
Buildings	709 000 00	-	-	709 000 00
Equipment	586 701 00	8 256 26	-	594 957 26
Total	1 320 701 00	8 256 26	-	1 328 957 26
Accumulated Depreciation	(444 707 70)	(31 767 33)	-	(476 475 03)
Net Capital Assets	875 993 30	(23 511 07)	-	852 482 23

Note 5 – Changes in General Long-Term Debt

A summary of changes in general long-term debt follows:

	Balance 7/1/07	Additions	Deductions	Balance 6/30/08
Note payable - building	20 000 00	-	20 000 00	-
Note payable - vehicle	260 000 00	-	20 000 00	240 000 00
Total	280 000 00	-	40 000 00	240 000 00

Note 6 – Note Payable – Building

The Township had a note payable to Shelby State Bank for financing the construction of the Township hall and fire station building. Interest was paid monthly at 3.5% per annum. The entire principal balance of \$20,000.00 was paid during the year ended June 30, 2008.

Note 7 – Note Payable – Vehicle

On October 27, 2006, the Township obtained a loan of \$260,000.00 from Shelby State Bank to finance a new pumper fire truck. Interest is paid monthly at 4.3% per annum. The principal amount of \$20,000.00 was paid during the year ended June 30, 2008.

TOWNSHIP OF GRANT
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 8 – Pension Plan

The Township has a defined contribution pension plan. The Township contributes an amount of each covered employee's annual salary to the plan. Pension expense for the fiscal year ended June 30, 2008, was \$3,686.35.

Note 9 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 10 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 11 – Building Permits

As of June 30, 2008, the Township had building permit revenues of \$2,488.00 and building permit expenses of \$2,870.50.

Note 12 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	2 699 42	Current Tax Collection	2 699 42
Total	<u>2 699 42</u>	Total	<u>2 699 42</u>

Note 13 – Interfund Transfers

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Building Inspection	382 50	General	382 50
Fire	45 703 45	General	45 703 45
Total	<u>46 085 95</u>	Total	<u>46 085 95</u>

Note 14 – Budget Variances

For the fiscal year ended June 30, 2008, Township expenditures exceeded the budgeted amounts in several activities as follows:

	<u>Total Budget</u>	<u>Total Expenditures</u>	<u>Excess Expenditures</u>
General Fund Activity:			
Clerk	19 000 00	20 756 54	1 756 54
Treasurer	19 000 00	19 257 90	257 90
Building and grounds	40 000 00	51 027 70	11 027 70
Highways and streets	74 612 00	113 842 16	39 230 16
Fire Fund Activity:			
Fire protection	180 000 00	192 673 75	12 673 75
Capital outlay	-	8 256 26	8 256 26

TOWNSHIP OF GRANT
Oceana County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	90 000 00	90 000 00	93 389 66	3 389 66
Licenses and permits	15 000 00	15 000 00	8 326 00	(6 674 00)
State revenue sharing	170 000 00	170 000 00	169 168 30	(831 70)
Charges for services – PTAF	30 000 00	30 000 00	31 306 55	1 306 55
Interest	5 000 00	5 000 00	7 194 77	2 194 77
Miscellaneous	<u>10 000 00</u>	<u>10 000 00</u>	<u>5 061 63</u>	<u>(4 938 37)</u>
Total revenues	<u>320 000 00</u>	<u>320 000 00</u>	<u>314 446 91</u>	<u>(5 553 09)</u>
Expenditures:				
Legislative:				
Township Board	10 000 00	10 000 00	4 800 00	(5 200 00)
General government:				
Supervisor	14 000 00	14 000 00	10 800 00	(3 200 00)
Elections	10 000 00	10 000 00	3 418 41	(6 581 59)
Assessor	15 000 00	15 000 00	14 080 00	(920 00)
Clerk	19 000 00	19 000 00	20 756 54	1 756 54
Board of Review	2 500 00	2 500 00	2 062 50	(437 50)
Treasurer	19 000 00	19 000 00	19 257 90	257 90
Building and grounds	40 000 00	40 000 00	51 027 70	11 027 70
Cemetery	15 000 00	15 000 00	4 385 35	(10 614 65)
Unallocated	37 500 00	37 500 00	23 765 13	(13 734 87)
Public safety:				
Police protection	10 000 00	10 000 00	7 599 30	(2 400 70)
Planning and zoning	16 000 00	16 000 00	9 630 80	(6 369 20)
Public works:				
Highways and streets	74 612 00	74 612 00	113 842 16	39 230 16
Debt service	<u>22 000 00</u>	<u>22 000 00</u>	<u>20 590 01</u>	<u>(1 409 99)</u>
Total expenditures	<u>304 612 00</u>	<u>304 612 00</u>	<u>306 015 80</u>	<u>1 403 80</u>
Excess (deficiency) of revenues over expenditures	<u>15 388 00</u>	<u>15 388 00</u>	<u>8 431 11</u>	<u>(6 956 89)</u>
Other financing sources (uses):				
Operating transfers out	<u>(46 085 95)</u>	<u>(46 085 95)</u>	<u>(46 085 95)</u>	<u>-</u>
Total other financing sources (uses)	<u>(46 085 95)</u>	<u>(46 085 95)</u>	<u>(46 085 95)</u>	<u>-</u>
Excess (deficiency) of revenues and Other sources over expenditures and other uses	<u>(30 697 95)</u>	<u>(30 697 95)</u>	<u>(37 654 84)</u>	<u>(6 956 89)</u>
Fund balance, July 1	<u>82 612 82</u>	<u>82 612 82</u>	<u>163 310 07</u>	<u>80 697 25</u>
Fund Balance, June 30	<u>51 914 87</u>	<u>51 914 87</u>	<u>125 655 23</u>	<u>73 740 36</u>

TOWNSHIP OF GRANT
Oceana County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
Year ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	90 000 00	90 000 00	71 253 19	(18 746 81)
Charges for service	30 000 00	30 000 00	105 933 19	75 933 19
Miscellaneous	-	-	9 227 28	9 227 28
Total revenues	<u>120 000 00</u>	<u>120 000 00</u>	<u>186 413 66</u>	<u>66 413 66</u>
Expenditures:				
Public safety:				
Fire protection	180 000 00	180 000 00	192 673 75	12 673 75
Capital outlay	-	-	8 256 26	8 256 26
Debt service	<u>38 000 00</u>	<u>38 000 00</u>	<u>31 187 10</u>	<u>(6 812 90)</u>
Total expenditures	<u>218 000 00</u>	<u>218 000 00</u>	<u>232 117 11</u>	<u>14 117 11</u>
Excess (deficiency) of revenues over expenditures	<u>(98 000 00)</u>	<u>(98 000 00)</u>	<u>(45 703 45)</u>	<u>52 296 55</u>
Other financing sources (uses):				
Operating transfers in	<u>98 000 00</u>	<u>98 000 00</u>	<u>45 703 45</u>	<u>(52 296 55)</u>
Total other financing sources (uses)	<u>98 000 00</u>	<u>98 000 00</u>	<u>45 703 45</u>	<u>(52 296 55)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

TOWNSHIP OF GRANT
Oceana County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended June 30, 2008

	<u>Balance</u> <u>7/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/08</u>
<u>Assets</u>				
Cash in Bank	<u>21 182 54</u>	<u>2 182 702 15</u>	<u>2 169 702 63</u>	<u>34 182 06</u>
<u>Liabilities</u>				
Due to other funds	21 182 54	164 608 16	183 091 28	2 699 42
Due to others	<u>-</u>	<u>2 018 093 99</u>	<u>1 986 611 35</u>	<u>31 482 64</u>
Total Liabilities	<u>21 182 54</u>	<u>2 182 702 15</u>	<u>2 169 702 63</u>	<u>34 182 06</u>

TOWNSHIP OF GRANT
Oceana County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended June 30, 2008

Cash in bank – beginning of year	<u>21 182 54</u>
Cash receipts:	
Property tax	2 178 308 83
Interest	<u>4 393 32</u>
Total cash receipts	<u>2 182 702 15</u>
Total beginning balance and cash receipts	<u>2 203 884 69</u>
Cash disbursements:	
Township General Fund	127 175 39
Township Fire Fund	55 915 89
Oceana County	980 261 49
Oceana County I.S.D.	39 398 55
Muskegon County I.S.D.	146 092 07
Montague School District	531 730 26
Shelby Public Schools	242 705 77
Shelby Area District Library	14 778 44
State of Michigan	20 807 10
Village of Rothbury	4 13
Refunds	<u>10 833 54</u>
Total cash disbursements	<u>2 169 702 63</u>
Cash in Bank – End of Year	<u><u>34 182 06</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

August 8, 2008

To the Township Board
Township of Grant
Oceana County, Michigan

We have audited the financial statements of the Township of Grant for the year ended June 30, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Grant in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Grant
Oceana County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

MANDATORY UNIFORM CHART OF ACCOUNTS

The Township is not using the State of Michigan mandatory uniform chart of accounts. We provided the Township with a copy of the State of Michigan mandatory uniform chart of accounts. The Township Clerk now has the information necessary to implement this required system. We recommend that implementation be started retroactive to July 1, 2008.

BUDGETING

Township expenditures exceeded budgeted amounts in several activities for the year ended June 30, 2008. We provided the Township with a copy of the State of Michigan uniform budget manual. We recommend that budgets be adopted and amended as necessary for each budgetary fund of the Township in compliance with State law.

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

To the Township Board
Township of Grant
Oceana County, Michigan

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated June 30, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants